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INSPECTOR GENERAL

**Executive Summary of Audit of Relocation Benefits for  
Postal Service Officers  
Report No. FR-FA-00-010  
April 20, 2000**

The Office of Inspector General conducted an audit at the request of both the Chairman of the House Subcommittee on the Postal Service and the Postal Service Board of Governors in response to an anonymous complaint. The complaint alleged two Postal Service officers received relocation benefits for changes in residence without changing their duty station.

The audit revealed that two officers, who were promoted but did not change duty stations, received relocation benefits of about \$248,000 for moves within the local commuting area. One officer received about \$142,000 and the other officer received about \$106,000. These relocations were paid as part of an incentive plan and approved by postal management as deviations from postal policy.

These relocation benefits exceeded the relocation packages offered to executives by private industry and other government agencies. The relocation benefits, which were not included in the statutory limits on compensation of Postal Service employees, also could be perceived as a way to circumvent the limits.

We found that controls were not in place to ensure that postal management requested and obtained Board of Governors' approval of all significant provisions of incentive plans such as relocation benefits. Board approval for deviations was generally not obtained for relocation of officers because relocation benefits were not considered compensation.

In addition, one of the officers purchased a home that cost \$75,000 more than his previous home and received a shared appreciation loan of \$333,000 from the Postal Service, an increase of \$37,000 over his previous shared appreciation loan. Under a shared appreciation loan, the Postal Service financed a home loan and shares in any profits from the future sale of the home. After relocating and receiving a new loan, the officer's principal and interest for his more expensive new home was slightly less than for his previous home. Under the shared appreciation loan, the officer's principal and interest payment to the Postal Service was approximately \$1224 instead of approximately \$2276 per month he would have paid to a conventional lender.

We recommended that the postmaster general establish policies that: 1) require written justification documenting the reasons for relocations within the same commuting area and documenting why the relocation is in the best interest of the Postal Service; 2) require approval by the Board of Governors for all deviations of officer relocation, including moves that do not meet IRS deductibility criteria for relocation expenses; and 3) require Board of Governors' approval for all components of officer incentive plans, including significant compensation that is not subject to the statutory pay cap.

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